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LISTING STATEMENT No. 2138

LISTED JUNE 7th, 1963

13,553,428 Ordinary Shares of £1 each
Ticker abbreviation "HBC"
Dial ticker number 634
Post section 2.6

file

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

THE GOVERNOR AND COMPANY
OF ADVENTURERS OF ENGLAND TRADING
INTO HUDSON'S BAY

Normally referred to as

HUDSON'S BAY COMPANY

Incorporated by Royal Charter in England on 2nd May, 1670.

CAPITALIZATION AS AT 31st JANUARY, 1963

Authorized — 15,000,000 shares of £1 each	£ 15,000,000
Issued, fully paid to be listed—13,553,428 ordinary shares of £1 each	£ 13,553,428

APPLICATION

Hudson's Bay Company (hereinafter sometimes called the "Company") hereby makes application for listing on The Toronto Stock Exchange of 13,553,428 ordinary shares of £1 each.

THE COMPANY

Hudson's Bay Company, one of Canada's leading merchants, was incorporated in 1670. It is the oldest chartered trading company in the world. The Royal Charter, under which H B C was incorporated and still operates, granted it sole ownership and trading rights over all the lands draining into Hudson Bay. For its first 200 years H B C was solely a fur trading company. Then in 1870 its territories were transferred to the Government of Canada in exchange for a cash payment and land grants in the Prairie Provinces. All this land has since been sold, but mineral rights on approximately 4½ million acres have been retained.

Toward the end of the 19th century general stores evolved from trading posts and today retailing is the Company's most important activity.

Retail Stores

There are six large downtown department stores in Vancouver, Victoria, Calgary, Edmonton, Saskatoon and Winnipeg, about 30 medium-size department stores and 195 Northern Stores and fur trading posts in seven provinces, the Northwest Territories and the Yukon. In addition ten stores in Eastern Canada are operated under the name of a subsidiary, Henry Morgan & Co. Limited, which was acquired in December 1960. Retail sales of all these stores totalled \$253,000,000 in the year ended January 31, 1963.

Fur

Hudson's Bay Company is the world's largest fur trading company. Its auction houses in London, Montreal and New York last year had consignment sales of \$91,000,000, the largest part of this total being ranch mink. In addition raw furs are purchased by the Company at its Northern Stores throughout Canada and sold at the auction houses.

Wholesale

A range of products carrying the Company's name, including the well-known Hudson's Bay "Point" Blankets and Hudson's Bay whiskies and rums, are marketed throughout Canada and the U.S. by the Company's Wholesale Department. H B C is also Canada's largest wholesale distributor of tobacco products.

Oil

The ownership of mineral rights on 4½ million acres in Western Canada forms the basis of the Company's interest in the oil industry. This acreage is optioned to Hudson's Bay Oil and Gas Company Limited, an associated Company, in which H B C owns a share interest of approximately 22%.

Operating Results

Operating results for the last four years are as follows:—

		Year Ended 31st January			
		1963	1962	1961	1960
		\$	\$	\$	\$
Retail	— Sales	253,293,000	240,985,000	194,373,000	168,680,000
	— Profit	13,716,000	12,589,000	11,178,000	10,103,000
Fur	— Sales & Consignments	98,253,000	89,197,000	81,721,000	84,837,000
	— Profit	2,121,000	1,703,000	1,576,000	2,083,000
Wholesale	— Sales	48,720,000	46,903,000	45,766,000	49,358,000
	— Profit	627,000	602,000	599,000	397,000
Royalties		1,569,000	1,397,000	1,266,000	1,263,000
Investment Income		1,236,000	826,000	22,000	20,000
Profit before taxes		19,269,000	17,117,000	14,641,000	13,866,000
Taxes		9,183,000	8,224,000	7,361,000	6,880,000
Net Profit		10,086,000	8,893,000	7,280,000	6,986,000
Land Surplus		363,000	560,000	171,000	258,000

The Bay today employs approximately 12,500 people in Canada.

INCORPORATION AND CAPITAL CHANGES

The Company was incorporated in England in 1670 by Royal Charter. There have been seven Supplemental Royal Charters, dated 1884, 1892, 1912, 1920, 1949, 1957 and 1960.

OPINION OF COUNSEL

Messrs. MacInnes, Burbidge & Company, Victory Building, Winnipeg, Manitoba, Counsel for the Company, are filing, in support of this application, an opinion stating, among other things, that the Company has been duly incorporated and organized under the laws of England and is a valid and existing company, that 15,000,000 ordinary shares of £1 each have been duly authorized, that the 13,553,428 shares outstanding on 31st January, 1963 have been validly issued and are fully paid up, that no personal liability attaches to the shareholders, and that each outstanding ordinary share is entitled to one vote on matters submitted to the shareholders.

SHARE ISSUES DURING THE PAST TEN YEARS

DATE OF ISSUE	NO. OF SHARES	AMOUNT PER SHARE REALIZED	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
April 1954	623,056	70s. (\$9.75)	\$ 6,100,000	Finance the development programme of the Company.
December 1960 to May 1961	553,145	—	—	Purchase of Henry Morgan & Co. Limited and Henry Morgan Properties Limited.
Henry Morgan Properties Limited purchased for \$1,155,530 and 125,000 H B C shares, and each of the 428,145 common shares of Henry Morgan & Co. Limited acquired in exchange for one H B C share and \$14 cash.				
July 1961	616,065	130s. (\$18.00)	\$11,000,000	General corporate purposes.
August 1961	6,776,714	Nil	Nil	Capitalization of reserves by bonus issue.

DIVIDEND RECORD

(No. of shares and total paid are stated to nearest 1,000 shares and dollars respectively.)

PAYMENT DATE	LAND DISTRIBUTION		TRADING DIVIDEND		TOTAL PAID
	RATE*	PAID PER SHARE	GROSS RATE*	NET PAID PER SHARE	
	%	¢	%	¢	\$
13 Nov. 1953	1¼	3.5	4	6.2	482,000
28 May, 1954	1¼	3.5	8½	13.1	826,000
Number of shares increased from 4,984,000 to 5,608,000					
19 Nov. 1954	1¼	3.5	4	6.2	540,000
13 May, 1955	1¼	3.5	11	17.7	1,190,000
18 Nov. 1955	1¼	3.5	4	6.4	557,000
9 May, 1956	1¼	3.5	11	17.7	1,190,000
13 Nov. 1956	1¼	3.5	4	6.4	557,000
7 May, 1957	1¼	3.5	11	17.7	1,190,000
12 Nov. 1957	1¼	3.5	4	6.4	557,000
13 May, 1958	1¼	3.5	16	25.8	1,641,000
25 Nov. 1958	1¼	3.5	4	6.4	557,000
12 May, 1959	5¾	16.1	20	34.3	2,828,000
24 Nov. 1959	2½	7.0	10	17.1	1,353,000
13 May, 1960	2½	7.0	14	24.0	1,738,000
22 Nov. 1960	2½	7.0	10	17.1	1,353,000
Number of shares increased from 5,608,000 to 6,146,000					
6 June, 1961	2½	7.0	14	24.0	1,906,000
Number of shares increased from 6,146,000 to 13,553,000					
21 Nov. 1961	1¼	3.5	5	8.6	1,635,000
18 May, 1962	1¼	3.5	7	12.0	2,100,000
26 Nov. 1962	1¼	3.7	5	9.2	1,752,000
24 May, 1963	1¼	3.7	9	16.5	2,748,000

* % of the £1 par value of the share.

The above figures are converted to Canadian dollars at \$2.80 to the £ to May 1962; and \$3.00 to the £ thereafter.

The gross trading dividend is declared out of profits before U.K. income tax and is paid net after deduction of such tax (current rate is 38¾ %) but, because of double taxation relief against taxes paid by H B C in Canada, the incidence of U.K. tax is nil. The land distribution is not subject to U.K. tax.

Dividends to shareholders on the Canadian Register are paid in Canadian dollars (at the prevailing rate of exchange) unless the shareholder requests otherwise.

TAXATION — CANADIAN SHAREHOLDERS

Corporate Canadian shareholders are exempt from Canadian tax under Section 28(10) of the Income Tax Act on that portion of H B C dividends, including land distribution, paid out of profits earned in Canada. The exempt portion is currently about 99%.

Individual Canadian shareholders are presently subject to Canadian tax on gross dividends and may reduce their Canadian tax by an amount determined under section 41(1) of the Income Tax Act. H B C dividends do not qualify for the 20% dividend tax credit.

RECORD OF PROPERTIES

Department stores in Calgary, Vancouver, Victoria, Edmonton, Saskatoon and Winnipeg are owned by Rupert's Land Trading Company, a wholly-owned subsidiary of the Company.

Morgan's downtown department store in Montreal is owned by Henry Morgan Properties Limited, a wholly-owned subsidiary of the Company.

The majority of medium-size department stores and Northern Stores are owned by Rupert's Land Trading Company or by Hudson's Bay Company. Six suburban department stores in Toronto, Hamilton and Montreal are leased.

SUBSIDIARY COMPANIES

NAME	DATE & MANNER OF INCORPORATION	NATURE OF BUSINESS	CAPITAL STOCK	AUTHORIZED	ISSUED	OWNED BY HUDSON'S BAY COMPANY
Bay Steamship Co. Limited	U.K. Companies Act 13/1/1916	Inactive	Ord. shares of £100 ea.	400	350	350
Beaver House Limited	U.K. Companies Act 7/8/1928	Property Co.	Ord. shares of £1 ea.	860,000	700,000	700,000
Compagnie de la Baie d'Hudson	France — 7/6/1928	Inactive	Bearer shares of Frs. 500	500	500	500
The H. Fortier Co. Ltd.	Dominion Companies Act 19/10/1916	Wholesale	Common shares of \$100 ea.	7,390	1,190	1,190
Henry Morgan & Co. Limited	Dominion Companies Act 2/8/1906	Retail Store	Common shares of N.P.V.	600,000	428,145	(owned by Scales & Roberts Limited) 428,145
Henry Morgan Properties Limited	Dominion Companies Act 28/11/1946	Property Co.	Common shares of N.P.V.	50,000	30,206	30,206
Hudson's Bay Arctic Limited	Dominion Companies Act 28/4/1954	Exploration & Development Co.	Common shares of \$100 ea.	1,000	5	5
Hudson's Bay Company Acceptance Limited	Dominion Companies Act 27/6/1960	Finance Co.	Common shares of N.P.V.	100,000	25,000	(owned by Rupert's Land Trading Company) 25,000
Hudson's Bay Company Fur sales Incorporated	Stock Corpn. Law of the State of New York 18/6/1936	Fur Sales	Common shares of \$100 ea.	5,000	5,000	5,000
Hudson's Bay Company Fur Sales Limited	U.K. Companies Act 7/1/1920	Fur Sales	Ord. shares of £1 ea.	500,000	500,000	500,000
Hudson's Bay Company Investments Limited	Dominion Companies Act 23/11/1961	Holding Co.	Common shares of \$10 ea.	100,000	100,000	100,000
Hudson's Bay Company, Inc.	Stock Corpn. Law of the State of New York 6/4/1925	Wholesale	Common shares of \$100 ea.	7,500	4,725	4,725
Hudson's Bay Company Limited	U. K. Companies Act 31/5/1926	Inactive	Ord. shares of £1 ea.	100	100	100
Hudson's Bay Company (Proprietary) Limited	S.W. Africa Companies Ordinance 13/11/1936	Inactive	Ord. shares of £1 ea.	5,000	5,000	5,000
Hudson's Bay Company of Scotland Limited	U.K. Companies Act 8/1/1948	Wholesale	Ord. shares of £1 ea.	100	100	100
Hudson's Bay Record Society Limited	U.K. Companies Act 8/4/1938	Historical Records	Ord. shares of £1 ea.	1,000	1,000	1,000
Hudson's Bay Trustees Limited	U.K. Companies Act 1/2/1955	Pension Trustee	Ord. shares of £1 ea.	100	100	100
Lampson, Fraser & Huth Inc.	Stock Corpn. Law of the State of New York July 1952	Inactive	Common shares of N.P.V.	100	100	100
Pego's (Montreal) Inc.	Quebec Companies Act 4/9/1956	Furniture Dealers	5% Redeemable of \$20 ea. Common shares of \$200 ea.	1,000 100	Nil 51	Nil 51
Rupert's Land Trading Company	Special Act-Canada 1/4/1912	Property Co.	Common shares of \$1 ea.	2,000,000	1,520,000	(owned by Henry Morgan & Co. Limited) 1,520,000
Rupert's Land Trading Company (Quebec) Ltd.	Quebec Companies Act 15/11/1955	Property Co.	Common shares of \$5 ea.	10,000	10,000	10,000
Scales & Roberts Limited	Dominion Companies Act 8/11/1916	Wholesale	Common shares \$100 ea.	5,000	4,051	(owned by Rupert's Land Trading Company) 4,051

FUNDED DEBT

	HUDSON'S BAY COMPANY ACCEPTANCE LIMITED SERIES "A" DEBENTURES	HENRY MORGAN & CO. LIMITED DEBENTURES	HENRY MORGAN PROPERTIES LIMITED FIRST MORTGAGE BONDS
Date	September 1, 1960	May 15, 1956	January 2, 1947
Maturity	September 1, 1980	May 15, 1976	January 2, 1967
Interest Rate	6% per annum	4¾ % per annum	3¼ % per annum
Convertibility	None	None	None
Redemption	At specified prices out of available funds.	Sinking Fund	Sinking Fund
Authorized	\$10,000,000	\$3,500,000	\$3,500,000
Issued	\$10,000,000	\$3,500,000	\$3,500,000
Outstanding	\$10,000,000	\$2,703,000	\$1,361,000
Voting Power	None	Certain rights upon default.	Certain rights upon default.

LISTING ON OTHER STOCK EXCHANGES

Shares of the Company are listed on the Montreal Stock Exchange and also on the London, England, Stock Exchange.

FISCAL YEAR

The fiscal year of the Company ends 31st January each year.

ANNUAL GENERAL COURT

The Annual General Court of the Company is normally held at Beaver House, Great Trinity Lane, London, E.C. 4, England. The last Annual General Court was held on 17th May, 1963.

HEAD AND OTHER OFFICES

Head Office—Beaver House, Great Trinity Lane, London, E.C. 4, England.

Head Office for North America—Hudson's Bay House, Winnipeg 1, Manitoba.

TRANSFER AGENTS AND REGISTRARS

Hudson's Bay company maintains a register of shareholders in two parts. In the United Kingdom the register is kept at the office of Glyn, Mills & Co., 67 Lombard Street, London, England. In Canada the Canadian register is kept by The Royal Trust Company with transfer offices in Winnipeg and Montreal. On the acceptance of this application The Royal Trust Company will open a transfer and registry office at Toronto.

Eligibility for registration on the Canadian register is limited to individuals who are citizens of and resident in Canada, and to corporations which are incorporated and have their principal place of business in Canada and are not corporations under foreign control as defined in the By-Laws of Hudson's Bay Company.

TRANSFER FEE

No fee is charged on stock transfers on the Canadian register other than the customary Government stock transfer taxes. On the United Kingdom register there is a fee of 2s.6d. for registering a transfer and a further charge of 1s. is made for every additional certificate issued other than the original.

RESTRICTIONS ON FOREIGN HOLDINGS

- By-Law 4A of H B C states that "The amount of the share capital in the Company which shall be held by or in trust for foreigners, foreign corporations and corporations under foreign control, shall never at any one and the same time exceed in the whole one-fourth of the whole amount of the issued share capital in the Company."
- For this purpose the expression "foreigner" means any person who is not a citizen of a British Commonwealth country; the expression "foreign corporation" means any corporation other than a corporation established under and subject to the laws of and having its principal place of business in some part of the Commonwealth; and the expression "corporation under foreign control" includes:
 - A corporation of which the majority of the directors or persons occupying the position of directors by whatever name called are foreigners;
 - A corporation, shareholders in which, holding shares or stocks conferring a majority of the votes are foreigners, or foreign corporations or persons who hold directly or indirectly in trust for or on behalf of foreigners or foreign corporations;
 - A corporation which is by any other means, whether of a like or of a different character, in fact, under the control of foreigners or foreign corporations;
 - A corporation, the executive whereof is a corporation under foreign control within the meaning of paragraph (a), (b) or (c) of this note.

AUDITORS

Auditors of the Company are Messrs. Peat, Marwick, Mitchell & Co., London and Winnipeg.

OFFICERS

William Johnston Keswick	Governor	Theydon Priory, Theydon Bois, Essex, England.
John Elmer Woods	Chairman of the Canadian Committee	132 Girton Blvd., Winnipeg, Manitoba.
James Richard Murray	Managing Director	703 Wellington Crescent, Winnipeg, Manitoba.
Rudolph Arturo Reynolds	Secretary	Cheyne House, 4 Russell Hill, Purley, Surrey, England.
Peter Warburton Wood	Treasurer	80 Yale Avenue, Winnipeg, Manitoba.

DIRECTORS

The Rt. Hon. Lord Cobbold, P.C., G.C.V.O.	Knebworth House, Knebworth, Hertfordshire, England.
John Ernest Harley Collins, M.B.E., D.S.C.	Shenfield Mill, Theale, Berks, England.
Eric Odin Faulkner, M.B.E.	Chart Cottage, Seal Chart, nr. Sevenoaks, Kent, England.
George Richard Hunter, Q.C.	44 Fulham Avenue, Winnipeg, Manitoba.
David Eckford Kilgour	201 Dromore Avenue, Winnipeg, Manitoba.
William Johnston Keswick	Theydon Priory, Theydon Bois, Essex, England.
Joseph Gluckstein Links, O.B.E.	33 Margaret Street, London, W.I., England.
James Bartlett Morgan	3466 Peel Street, Montreal, Quebec.
James Richard Murray	703 Wellington Crescent, Winnipeg, Manitoba.
Ian Patrick Robert Napier, M.C.	169 Queen's Gate, London, S.W. 7, England.
James Armstrong Richardson	5209 Roblin Blvd., Charleswood, Manitoba.
Charles Gordon Smith	550 Hosmer Blvd., Winnipeg, Manitoba.
Graham Ford Towers, C.M.G.	260 Park Road, Rockcliffe Park, Ottawa, Ontario.
John Elmer Woods	132 Girton Blvd., Winnipeg, Manitoba.

CERTIFICATE

Pursuant to a resolution duly passed by its Canadian Committee, the applicant Company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

THE GOVERNOR AND COMPANY OF ADVENTURERS OF ENGLAND TRADING INTO HUDSON'S BAY

By "J. E. WOODS"
Member Canadian Committee

By "J. R. MURRAY"
Member Canadian Committee

INFORMATION REGARDING SHAREHOLDERS AS AT APRIL 29th, 1963

	<u>No. of Shares</u>	<u>No. of Shareholders</u>
United Kingdom	10,542,616	21,885
Canadian	2,042,722	2,166
Other	968,090	678
	<u>13,553,428</u>	<u>24,729</u>

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE FIVE FISCAL YEARS ENDED JANUARY 31, 1963

(to the nearest thousand dollars)

	1963	1962	1961	1960	1959
Consolidated Profit	19,269,000	17,117,000	14,641,000	13,866,000	13,709,000
after charging, and crediting income from, the following items:					
Depreciation	4,995,000	5,020,000	4,127,000	3,704,000	3,371,000
Interest on bonds & debentures	783,000	784,000	302,000	-	-
Directors' emoluments	228,000	224,000	218,000	238,000	151,000
Trade investments	1,236,000	826,000	22,000	20,000	17,000
Royalties	1,569,000	1,397,000	1,266,000	1,263,000	1,313,000
Taxation	9,183,000	8,224,000	7,361,000	6,880,000	6,325,000
Profit after Taxation	10,086,000	8,893,000	7,280,000	6,986,000	7,384,000
Less Minority Interest	189,000	151,000	11,000	-	-
	\$ 9,897,000	\$ 8,742,000	\$ 7,269,000	\$ 6,986,000	\$ 7,384,000
Land Surplus	\$ 363,000	\$ 560,000	\$ 171,000	\$ 258,000	\$ 325,000

Notes:

- Earnings in the U.K. and U.S. have been converted into Canadian dollars at the following rates:—

1959-1962	\$2.80 (Can.) to £, \$1.00 (Can.) to \$1.00 (U.S.)
1963	\$3.00 (Can.) to £, \$1.07 (Can.) to \$1.00 (U.S.)
- The profits of the Northern Stores for the years 1959 and 1960 are for each year to June 30 and are included in the consolidated profit for the fiscal year ended on the succeeding January 31. The consolidated profits for the years ended January 31, 1961 and 1962 include additional profits of \$543,000 and \$456,000 respectively, resulting from a change in year end of certain stores to January 31 in 1961 and to September 30 in 1962. Expenditure on buildings and equipment at remote Northern Stores is charged against earnings when incurred.
- No provision has been made for taxation which would arise if profits remaining in subsidiaries were distributed.
- Receipts from the sale of land acquired under grant, profits on sales on other real estate, and surpluses arising on liquidation of certain subsidiaries have been excluded from earnings in the above statement.
- Prior to June 30, 1961, all pension benefits were charged against profits as paid. Subsequent to that date:
 - All pension benefits accrued at June 30, 1961 are being charged against Staff Retirement as they are funded or paid. The amounts after tax relief so charged against Staff Retirement in the two years to January 31, 1962 and January 31, 1963 respectively were \$496,000 and \$1,493,000.
 - The costs of providing pension benefits accruing subsequent to June 30, 1961 are being charged against current profits.

AUDITOR'S REPORT

To the Governor & Committee,
Hudson's Bay Company.

We have examined the annexed consolidated statement of earnings of Hudson's Bay Company and its subsidiaries for the five fiscal years ended January 31, 1963 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records as we considered necessary.

In our opinion, the annexed consolidated statement of earnings, together with the notes thereto, presents fairly the results of the operations of Hudson's Bay Company and its subsidiaries for the above five fiscal years in accordance with generally accepted accounting principles applied on a consistent basis.

"PEAT, MARWICK, MITCHELL & CO."

Chartered Accountants
Auditors.

London, England.
Winnipeg, Canada.
May 31, 1963.

CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1963
(to the nearest thousand dollars)

ASSETS

CURRENT ASSETS

Cash	\$ 2,061,000	
Marketable securities at market value	1,338,000	
Accounts receivable, less provisions	60,444,000	
Northern Stores (Note 6)	5,751,000	
Merchandise inventories (Note 5)	42,897,000	\$112,491,000

TRADE INVESTMENTS at cost

Hudson's Bay Oil and Gas Company Limited (Note 4)	10,095,000	
Other	213,000	10,308,000

FIXED ASSETS

Land and buildings — cost	\$81,384,000	
— less depreciation	34,626,000	46,758,000
Transport — cost	3,171,000	
— less depreciation	2,010,000	1,161,000
Equipment at cost, less amounts written off	9,039,000	56,958,000
		<u>179,757,000</u>

LIABILITIES

CURRENT LIABILITIES

Bank overdrafts	660,000	
Accounts payable	28,254,000	
Provision for taxes on income (Note 3)	5,136,000	
Proposed dividends	2,748,000	36,798,000

STAFF RETIREMENT

9,342,000

BONDS AND DEBENTURES OF SUBSIDIARIES (Note 2)

14,064,000

CAPITAL AND RESERVES

CAPITAL STOCK

Authorized — 15,000,000 ordinary shares of £1 each

Issued — 13,553,428 ordinary shares of £1 each 40,659,000

CAPITAL RESERVES

General 15,339,000

REVENUE RESERVES

Earned Surplus 61,401,000

Land Account 2,154,000 119,553,000

\$179,757,000

Approved on behalf of the Board:

“J. E. WOODS”

Director

“J. R. MURRAY”

Director

The notes on the following page form an integral part of the above consolidated balance sheet

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. **EXCHANGE.** U.K. assets and liabilities have been converted at \$3.00 (Can.) to the £ and U.S. assets and liabilities have been converted at \$1.07 (Can.) to \$1.00 (U.S.). The rates of exchange at January 31, 1963 were \$3.02 (Can.) and \$1.07 (Can.).
2. **BONDS AND DEBENTURES OF SUBSIDIARIES.**

Hudson's Bay Company Acceptance Limited	
6 per cent. debentures series "A" due 1980 (secured)	10,000,000
These debentures are guaranteed by the Parent Company.	
Henry Morgan & Co. Limited	
4¾ per cent. Sinking fund debentures due 1976 (unsecured)	2,703,000
Henry Morgan Properties Limited	
3¼ per cent. First mortgage sinking fund bonds due 1967	1,361,000
These bonds are guaranteed by Henry Morgan & Co. Limited.	
	\$14,064,000
3. **TAXATION.** No provision has been made for taxation which would arise if profits remaining in subsidiaries were distributed.
4. **TRADE INVESTMENTS.** The total issued capital of Hudson's Bay Oil and Gas Company Limited is 17,744,592 shares of \$2.50 par value of which 4,008,656 shares (22.6 per cent.) are held by Hudson's Bay Company Investments Limited, a wholly-owned subsidiary. The general public holds 9.6 per cent. of the issued capital. The market quotation at January 31, 1963, on The Toronto Stock Exchange, was \$15.75 per share.
5. **MERCHANDISE.** Valued at the lower of cost or net realisable value.
6. **NORTHERN STORES.** The amount in the Balance Sheet, Northern Stores \$5,751,000, represents net tangible assets (mainly merchandise) at September 30, 1962, less net transactions from October 1, 1962 to January 31, 1963, for the stores whose financial year ended on September 30, 1962.
Expenditure on buildings and equipment at remote Northern Stores is charged to Profit and Loss Account when incurred.
7. **LAND ACCOUNT.** An amount outstanding in respect of lands sold \$285,000 will be credited to the Land Account when received in cash. The balance remaining in the Land Account after this year's distribution is expected to be sufficient at the present rate of distribution to last for a little over two years.
8. **CONTRACTS FOR CAPITAL EXPENDITURE** at January 31, 1963, were \$3,729,000.

AUDITORS' REPORT

To the Governor & Committee,
Hudson's Bay Company.

We have examined the annexed consolidated balance sheet of Hudson's Bay Company and its subsidiaries as at January 31, 1963 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records as we considered necessary.

In our opinion, the annexed consolidated balance sheet, together with the notes thereon, presents fairly the financial position of Hudson's Bay Company and its subsidiaries at January 31, 1963 in accordance with generally accepted accounting principles.

"PEAT, MARWICK, MITCHELL & CO."

Chartered Accountants
Auditors

London, England.
Winnipeg, Canada.
May 31, 1963.

